

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
BRIEF**

B

No. 74-1757

To be argued by
MARY HELEN SEARS

IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT

No. 74-1757

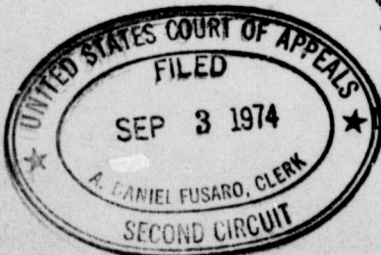
LEE PHARMACEUTICALS,
Appellant

v.

CERAMCO, INC.,
Appellee

Appeal from the United States District Court
for the Eastern District of New York

APPELLANT'S BRIEF



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THE ISSUES PRESENTED FOR REVIEW

1. Does the District Court have a duty to disqualify counsel for violation of the Code of Professional Responsibility?
2. Are the Canons and Disciplinary Rules to be strictly enforced or attenuated by exceptions which would condone the violations which are manifest in this case?
3. Should a party be precluded from any use whatever of information unethically elicited by its counsel

through unauthorized communications with an adverse party in derogation of Canon 5 and Disciplinary Rule DR 5-102?

4. Should the mandatory requirement of DR 7-104 be enforced to disqualify counsel who elicit facts from an adverse party in violation of DR 5-102 and then testify to such facts by affidavit filed in opposition to the adverse parties contentions in the involved litigation?

STATEMENT OF THE CASE

This is an appeal from the May 30, 1974 Order (App. 231) of the United States District Court for the Eastern District of New York (The Honorable Mark A. Costantino, Judge) denying appellant Lee Pharmaceuticals' (Lee's) motion (App. 183) pursuant to Canons 5 and 7 of the Code of Professional Responsibility and associated Disciplinary Rules DR 5-102 and DR 7-104 to disqualify counsel for appellee Ceramco, Inc. (Ceramco) and to strike and preclude reliance by Ceramco upon certain pleadings tainted with information unethically elicited by Ceramco counsel.

STATEMENT OF FACTS

On January 16, 1974, Johnson & Johnson (Johnson), through Michael J. Ryan, Jr., an attorney in the office of its General Counsel, addressed a letter (App. 185) to Henry Lee, President of appellant, Lee Pharmaceuticals (Lee), which adverts to Lee's use of the trademark GENIE "in connection with the sale, advertising and promotion of a direct bonding adhesive designed for use with both metal and plastic orthodontal brackets". Mr. Ryan's letter states, "As you [Lee] may be aware, [appellee] Ceramco, Inc. [Ceramco], our wholly owned subsidiary, has adopted and is commercially using GOLD GENIE and CERAMIC METAL GENIE in connection

with corrective compositions"; that "Ceramco's rights in these trademarks, as well as CM GENIE and FIBER METAL GENIE were acquired from "certain third parties including "The Wilkinson Company" "last year"; that "We regard the adoption of GENIE" by Lee "as an infringement of our rights"; and that "Accordingly, we must insist that all use [by Lee] of GENIE in connection with a direct bonding adhesive bracket or any other dental or dental type product be discontinued with all reasonable expedition".

By letter dated January 28, 1974 (App. 187), Lee, through *its counsel* Miss Sears,¹ replied stating that Mr. Ryan's January 16, 1974 letter to Mr. Lee "has been referred to this office for consideration of the questions posed and of the legal rights of Lee Pharmaceuticals in the premises"; that "investigations reveal that there are no active or abandoned federal trademark registrations and no pending federal trademark registrations for any of the names GOLD GENIE, CERAMIC METAL GENIE, CM GENIE or FIBER-METAL GENIE identified in your [Mr. Ryan's] letter"; and that "Neither Lee Pharmaceuticals nor [its counsel] is otherwise acquainted with any use of these names in the field of dental products".

Lee counsel's letter accordingly asked Johnson "for some assistance in providing facts which will permit us to evaluate your proposal", including facts "as to the general nature and composition of the so-called 'corrective compositions'" and for "information concerning the dates when each of the above mentioned names were first utilized . . . in the interests of amicably and

¹ Thus fixing the date of receipt of Miss Sears' January 28, 1974 letter (App. 187) as the point in time from and after which Johnson/Ceramco's lawyers *knew* that Lee also *was* represented by counsel.

promptly resolving the problem posed by [Mr. Ryan's] letter" of January 16, 1974.

Lee counsel's letter was ignored.¹ No information was supplied by Johnson. No attempt was made to "amicably and promptly" resolve "the problem". Instead, Johnson/Ceramco and its counsel clandestinely began to prepare for institution in Brooklyn, New York of a suit against Lee, a small California corporation whose principal place of business is in South El Monte, California, a Los Angeles suburb.²

The firm of Rogers and Wells was retained and a plan formulated to present the case to the district court as an urgent matter justifying the issuance of an order requiring Lee to show cause why a preliminary injunction should not issue.

Rogers and Wells' attorneys, including David F. Dobbins and Thomas W. Towell, Jr., together with Mr. Ryan, undertook to prepare the necessary pleadings. In the process of preparing these pleadings it was discovered that facts necessary to even allege venue and personal jurisdiction over Lee in the Brooklyn forum were lacking. Ignoring ethical considerations, Thomas W. Towell, Jr., of the Rogers and Wells firm "solved" that problem by an unauthorized long distance telephone communication directly with Lee on April 2, 1974. In his telephone communication with Lee, Mr. Towell maintained his iden-

²On March 11, 1974, Mr. Ryan addressed a letter (*infra*, p. 1a) to Mr. Leland Teets, an executive of The Wilkinson Company, one of the third-party entities from which Johnson/Ceramco's alleged rights in the trademarks mentioned in Mr. Ryan's letter of January 16, 1974 allegedly were derived. This March 11, 1974 letter from Mr. Ryan to Mr. Teets states:

"Unfortunately, it now appears that we will be forced to litigate this infringement matter with Lee Pharmaceuticals
...."

This letter is Ex. 41 on the deposition of Mr. Teets taken in this cause.

tity and purpose secret while eliciting facts he deemed relevant to the question of personal jurisdiction over Lee in the Brooklyn Court. Mr. Towell's own account of this unauthorized April 2, 1974 telephone communication with Lee is set forth in his April 29, 1974 (App. 59)³ and May 29, 1974 affidavits (App. 223).

On April 11, 1974, nine days after Mr. Towell's phone call to Lee, the complaint in this action (App. 8) verified on the same day by H. Gordon Pelton, President of Ceramco, Inc., was filed. The complaint was accompanied by an application for a preliminary injunction and a Pelton "Affidavit in Support of Order to Show Cause" (App. 18), which was successfully advanced, *ex parte*, to induce the issuance of an April 12, 1974 order (App. 16), directing Lee to show cause "on the 26th day of April, 1974, at 9:30 A.M. . . . why an order should not be entered pursuant to Rule 65 of the Federal Rules of Civil Procedure", granting a preliminary injunction restraining Lee from "directly or indirectly using the trademark GENIE . . . on any dental product. . . ."

Mr. Towell and his senior at Rogers & Wells, Mr. David F. Dobbins, actively participated in the drafting of the verified complaint and Pelton affidavit.⁴ Both the complaint and the "Show Cause" affidavit recite facts

³ See the quotation from this affidavit, *infra*, p. 7.

⁴ On July 9, 1974, Mr. Dobbins verified an affidavit (*infra*, p. 6a) of record below in which we swore:

" . . . Mr. Towell, then an associate of this firm, actually generated most of the facts that appear in Mr. Pelton's affidavit in support of the motion for preliminary injunction and the complaint, and drafted these papers.

* * * *

" . . . I, too, had a hand in drafting the complaint and Mr. Pelton's affidavit in support of the preliminary injunction, and a check of my diary entries reveals that to be the case."

A certified copy of this affidavit has been lodged with the clerk.

elicited unethically by Mr. Towell in his April 2, 1974 phone call to Lee Pharmaceuticals.

Specifically, the Pelton affidavit drafted by Mr. Dobbins and Mr. Towell (App. 18) includes the following paragraph:

"An *investigation*⁵ conducted by Ceramco indicates that Lee's product is being distributed throughout the United States by various dental supply houses, including dental supply houses located in the State of New York. Upon information and belief GENIE dental bracket adhesive is sold in Manhattan by at least two organizations, Rower Dental Supply Co., 331 West 44th Street and Dental Equipment Specialists, Inc., 123 East 24th Street." (p. 5) (Emphasis added.)

Paragraph 2 of the verified complaint contains the information and belief allegation that Lee Pharmaceuticals "is doing business in the State of New York".

On April 26, 1974, the District Court directed Lee to respond to the show cause order whether by motion under Rule 12 or otherwise on or before Tuesday, April 30, 1974 (App. 78).

In anticipation of Lee's Rule 12 motion, Mr. Towell, on April 29, 1974, the day before the April 30, 1974 hearing, *again* called Lee, *again* without identifying himself or his purpose, to obtain additional facts for use in opposing Lee's Rule 12 contentions.

⁵ In Par. 3 of his affidavit verified May 29, 1974 and filed "in opposition to defendant's motion to disqualify" (App. 223), Mr. Towell admits that his April 2, 1974 telephone communication with Lee was a part of an "investigation conducted concerning jurisdiction over defendant Lee . . ."

Paragraphs 1 through 4 of Mr. Towell's May 29, 1974 affidavit considered together admit that the information unethically elicited from Lee was not available from the sources other than Lee to which Mr. Towell resorted and which are identified in Paragraph 2.

Rogers and Wells then presented Mr. Towell's own testimony as to the facts learned in his unauthorized April 2 and April 29, 1974 communications with Lee in the form of the April 29th Towell affidavit (App. 59) which states:

"... At that time [the April 26 hearing] the Court ordered the defendant to submit proper papers on any jurisdictional or other special issues it wished to raise, and ordered the parties to return to the Court on Tuesday, April 30th. At this time I do not know exactly what issues will be raised by the defendant or on what basis it claims lack of jurisdiction. However, *in anticipation of a motion, I submit this affidavit to bring certain relevant facts of which I have knowledge to the Court's attention.*

"On April 2, 1974, prior to the institution of this action, I personally placed a call to Lee's home office in South El Monte, California, telephone No. (213) 442-3141. I asked for and was referred to the Order Department. When the Order Department answered, I stated I was interested in Lee's Genie dental adhesive product and inquired whether Lee had any dealers in New York who sold this product in the New York City area. I was informed that there were a number of dealers in Manhattan, Brooklyn and the surrounding areas. I inquired for the names of some of the Manhattan dealers that I might call. I was then told that Rower Dental Supply Company, 331 West 44th Street, New York, New York, and Dental Equipment Specialists, Inc., 123 East 24th Street, New York, New York, handled the product. I was also informed that Rower was one of the Healthco companies. . . ." (Emphasis added.) (App. 59)

⁶ The April 2, 1974 date of this unauthorized communication with Lee was *long after* Johnson/Ceramco counsel knew, from Miss Sears' January 28, 1974 letter (App. 187), that Lee was also represented by counsel. See n. 1, *supra*, p. 3.

[Footnote continued on page 8]

"On April 29, 1974, I repeated this process, this time asking Lee's Order Department for a dealer in Brooklyn, New York. I was told that Irving *Penchuk*, dental supplies, 1998 Nostrand Avenue, Brooklyn, New York, handled the Lee products. I then placed a call to the Penchuk office and asked whether it stocked and sold the Lee Genie dental bracket adhesive, and again the response was an affirmative one. (App. 60)

* * * *

"Based upon the foregoing, it is clear that Lee's products are sold extensively in New York and it is likely that defendant is 'doing business' in New York under CPLR 301. More importantly, it is absolutely clear that jurisdiction exists over defendant under CPLR 302, New York's long-arm statute. Defendant's dental product under the Genie mark is distributed and sold in New York, and the cause of action arises out of this transaction of business by defendant. Every such sale, whether directly or through an intermediary, constitutes a tort against plaintiff within the State of New York where plaintiff's Genie product is also sold. Defendant's acts also constitutes a tort committed outside the State (at the place of manufacture in California) which has caused injury to plaintiff within the State of New York. If jurisdiction exists under 301 or 302, out-of-state service is proper under CPLR 313. Submitted herewith is a short memorandum of law citing cases on this point." (App. 60-61)

This testimonial affidavit of Ceramco/Johnson attorney Towell was handed to Lee counsel at the April 30, 1974 hearing. Lee's formal Rule 12(b) motion to dismiss

⁶ [Continued]

It is noteworthy that Mr. Towell's affidavit does *not* contain any representation that he identified himself to Lee or that he in any way disclosed he had called as a lawyer representing Johnson/Ceramco for the purpose of obtaining information for use in a suit to be filed in Brooklyn naming Lee as a party defendant.

(App. 183) was filed the same day. The court fixed May 9 as the date for live testimony on the Rule 12(b) issues raised by Lee's motion (which was denied without opinion or explanation on May 30, 1974) (App. 231).

On May 1, 1974, Lee counsel advised Mr. Towell by letter (App. 189) of the violation of the Code of Professional Responsibility, including Disciplinary Rules DR 5-102 and DR 7-104, consequent from Mr. Towell's unauthorized communications with Lee and from Ceramco's reliance upon Mr. Towell's testimony as set forth in his April 29 affidavit as evidence against Lee. There was no timely response.

In an informal conversation in the courthouse prior to the May 9, 1974 hearing, Mr. Towell agreed to Lee counsel's demand to withdraw his *own* April 29 affidavit (App. 59) but refused to withdraw either the verified complaint or the "Show Cause" affidavit of Ceramco's president, H. Gordon Pelton, which include the same information wrongfully elicited by Mr. Towell from Lee on April 2, 1974. See the discussion, *supra*, p. 6.⁷

As the hearing transcript shows (App. 91), Lee's counsel, Mr. Irons, unsuccessfully raised the disqualification issue in open court on May 9, 1974.⁸ Lee there-

⁷ At page 10 of the May 9 evidentiary hearing, Mr. Towell called and interrogated, as a witness against Lee, one Irving Penchuk. Ceramco's memorandum opposing disqualification admits that "The existence of Mr. Penchuk as [an alleged] dealer of defendant's 'Genie' products was obtained from the telephone call made on April 29 by Towell" (App. 221).

⁸ The May 9, 1974 transcript (App. 91) states in pertinent part: "MR. IRONS: Thank you, your Honor, yes. I want to make a record.

My request to the Court is that the record be kept open on this hearing so we can have the testimony of Mr. Pelton and Mr. Sleininger and I object to any further consideration—and I am quite serious—

[Footnote continued on page 10]

after formalized the disqualification issue unsuccessfully raised orally at the May 9, 1974 hearing by a motion (App. 183) filed May 20, 1974 and noticed for hearing on May 30, 1974. No papers in opposition were filed or served until a few minutes before the May 30 hearing commenced, at which time a second affidavit (App. 223)

^s [Continued]

"THE COURT: No more than I—

"MR. IRONS: (continuing) —further consideration of this complaint or action on the ground that the record before this Court shows that Mr. *Pelton* [sic—*Towell*] has called my client with knowledge that that client is represented by counsel; has made affidavits about what he found out from talking with my client and included the same kind of information in Mr. *Pelton*'s affidavit. (Emphasis added.)

If Mr. *Pelton* were here, I think I could show many of the affirmances in his affidavit are untrue.

This is a violation of the canons of ethics and I think the proper thing to do is strike the pleadings.

"THE COURT: There are proper forums for such determination."

Apparently playing on the error emphasized in the foregoing quotation from the May 9th transcript, Mr. *Towell* in his May 29th affidavit opposing the disqualification motion, swears:

"After Mr. *Irons*, counsel for defendant, brought up this issue, I advised Mr. *Irons* before the May 9 hearing that I would withdraw my affidavit and would do so in open Court at the May 9 hearing, or subsequently by letter. Mr. *Irons* indicated he would take up the issue of disqualification with the Court, *but when it was not raised at the May 9 hearing*, I did withdraw the affidavit by letters to the Court (App. 229) and Mr. *Irons*, (App. 230) dated May 10, 1974, copies of which are annexed hereto as Exhibit 'E'. I did it just to put an end to the excitement, not because I believe that any canon was violated" (App. 225) (Emphasis added.)

Mr. *Towell*'s oath that the disqualification matter "was not raised at the May 9 hearing" is discredited on the face of the May 9th record quoted above.

No reference is made in Mr. *Towell*'s May 10, 1974 letter (App. 229) to the demand of Lee counsel that the *Pelton* "Show Cause" affidavit also be withdrawn or to Rogers and Wells' continuing refusal to do so.

of Mr. Towell and a memorandum (App. 216) opposing disqualification were handed to Lee's counsel.

Mr. Towell's second affidavit (App. 223), verified May 29, 1974, again admits Mr. Towell's unauthorized communications with Lee on April 2 and April 29, 1974. It verifies that these unauthorized communications were a part of an investigation "conducted concerning jurisdiction over defendant Lee".

In his May 29, 1974 affidavit opposing disqualification, Mr. Towell testifies with respect to his April 2, 1974 communication with Lee:

"... That action violated no canon of ethics. It is the duty of a lawyer in preparing a case to get the evidence not only in support of jurisdiction before the case has commenced but also in support of the case after it has been commenced. Whether I got it through a paid investigator or did it myself would be immaterial." (App. 224)

With respect to his April 29, 1974 communication with Lee, Mr. Towell swears in the same affidavit:

"... I got evidence the truth of which is not disputed but which defendant would not simply admit to and which would not have been given me if I had requested it of defense counsel..." (App. 224)

The Rogers and Wells memorandum (App. 216) opposing disqualification states that the "facts relevant to defendant's claim... are fully set forth in the [May 29th] affidavit of Thomas W. Towell, Jr., submitted herewith" (App. 218). The ensuing summary of these facts features yet another admission of the same unethical conduct. It is argued, however, that the misconduct should be excused on various grounds, including the following:

(i) "If these be violations of the Code of Professional Responsibility and the associated disciplinary rules, they are technical violations..." (App. 219)

(ii) "The calls did nothing but help establish jurisdiction of this Court from facts that could have been obtained by other more painstaking and time consuming devices" (App. 219)

(iii) Mr. Towell's association with Rogers and Wells was scheduled to end June 3, 1974 (App. 220)

(iv) The first Towell affidavit (App. 59) was withdrawn (without reference to the fact that withdrawal of the Pelton affidavit including the same information was *refused*). (App. 220)

(v) *Only "part"* of the material in the Pelton affidavit verified April 11, 1974 "was obtained from sources other than Lee and was in no way dependent upon the telephone calls made by Mr. Towell." (App. 220)

(vi) The unethically elicited information is not "confidential" (App. 220)

(vii) The unethically elicited information "could . . . have been obtained by deposition or interrogatory . . ." (App. 220)

(viii) The proper forum for further action on this motion is an appropriate Bar Association—not the court. (App. 221)

At the May 30, 1974 hearing, Lee's disqualification motion was denied summarily (App. 264). The denial was formalized by an order entered the next day, Friday, May 31, 1974 (App. 231). On the next business day, Monday, June 3, 1974, Lee filed its notice of appeal (App. 232).

Also on June 3, 1974, Lee filed a motion in this Court under Federal Appellate Rule 8(a) to stay proceedings below, pending disposition of this appeal. In an affidavit opposing the motion to stay, William W. Owens of the firm of Rogers and Wells swears:

"... Neither I nor any partner of mine knew that Mr. Towell was going to make these telephone calls at the time he made them, but we do not repudiate what Mr. Towell did. What he did was proper. I would do the same under similar circumstances. Moreover, on motions, as distinguished from trials, I frequently make an affidavit when I have personal knowledge of the facts."⁹

The motion to stay was denied by this Court on June 5, 1974. Proceedings have continued and are now continuing in the District Court. The District Court *sua sponte* reset the June 20, 1974 trial date effective as of the June 5 hearing for July 22. On July 16, certain aspects of the case were referred to a magistrate before whom it is now pending.

ARGUMENT

The facts are straightforward and undisputed. Johnson/Ceramco, disdaining an invitation to negotiate, elected to file suit in a forum and under circumstances calculated to prejudice Lee and discourage it from defending its rights. The firm of Rogers & Wells was retained by Johnson/Ceramco to file and prosecute the litigation. David F. Dobbins and Thomas W. Towell, Jr. were among the Rogers & Wells' attorneys assigned to the task. The scheme was to sue Lee, a small California corporation, in the Eastern District of New York, to file a motion for preliminary injunction concurrently with the complaint, and to present the matter to the District Court as an urgent matter warranting the immediate issuance of an order requiring Lee to show cause why the injunction should not be granted.

⁹ Unfortunately, this promised disregard by Mr. Owens' firm of the ethical prohibition against testimony of trial counsel has been more than fulfilled in the proceedings to date before the District Court. Excerpts of testimony from Mr. Dobbins' affidavits filed below appear *infra*, p. 5a to p. 12a.

In the course of their preparation for suit, Mr. Dobbins and Mr. Towell discovered, not surprisingly, that the facts requisite to establish venue and personal jurisdiction over Lee in Brooklyn were lacking. The Johnson/Ceramco plan did not contemplate and left no time for the *ethical* development of the pertinent facts by use of the federal discovery rules or otherwise. Rogers & Wells solved this problem by Mr. Towell's unauthorized long distance telephone communication directly with Lee on April 2, 1974 in which Mr. Towell concealed his identity and purpose.

The information thus wrongfully elicited from Lee was used to justify the essential jurisdictional allegations of the complaint. It was also incorporated into an "Affidavit in Support of Order to Show Cause" *prepared* by Mr. Towell and Mr. Dobbins and verified by Mr. Pelton, Ceramco's President, on April 11. The next day, April 12, 1974, the Court entered the requested order requiring Lee to show cause by April 26 why it should not be preliminarily enjoined from continuing use of its "Genie" trademark.

On April 29, 1974, in anticipation of Lee's Rule 12(b) motion to dismiss due the next day, Mr. Towell of Rogers & Wells again communicated with Lee, without authorization and under the same clandestine circumstances to elicit still more information for use against Lee.

On April 30, 1974, Mr. Towell filed an affidavit in opposition to Lee's Rule 12(b) motion in which he testified as to the facts which he wrongfully elicited from Lee on April 2 and April 29. At the May 9 evidentiary hearing, Mr. Towell called to testify against Lee as a witness, one Mr. Penchuk, whose "existence" as an alleged "dealer of defendant's [Lee's] 'Genie' products was obtained from the [unauthorized] telephone call [to Lee] made on April 29 by Towell" (App. 221).

These undisputed facts establish a clear violation of Canons 5 and 7—as well as Canon 9—of the Code of Professional Responsibility, together with the respectively appurtenant Disciplinary Rules DR 5-102(A) and DR 7-104(A)(1). The fact of violation is not seriously disputed—indeed, it could not be.

Canon 7 of the Code of Professional Responsibility provides:

“A lawyer should represent a client zealously *within the bounds of the law.*”

Disciplinary Rule DR 7-104(A)(1) defines conduct *not* “within the bounds of the law” as follows:

“DR 7-104 Communicating With One of Adverse Interest.

(A) During the course of his representation of a client a lawyer shall not:

- (1) Communicate or cause another to communicate on the subject of the representation with a party he knows to be represented by a lawyer in that matter unless he has the prior consent of the lawyer representing such other party or is authorized by law to do so.”

Footnote 75 associated with DR 7-104(A)(1) states:

“75. See ABA Canon 9 of ABA *Opinions* 124 (1934), 108 (1934), 95 (1933), and 75 (1932); also see *In re Schwabe*, 242 Or. 169, 174-75, 408 P.2d 922, 924 (1965).

‘It is clear from the earlier opinions of this committee that *Canon 9* is to be *construed literally* and does not allow a communication with an opposing party, without the consent of his counsel, *though the purpose* merely be to investigate the facts. *Opinions 117, 95, 66,* ABA *Opinion 187* (1938).’

Canon 5 of the Code of Professional Responsibility provides that:

"A lawyer should exercise independent professional judgment on behalf of his client."

Disciplinary Rule DR 5-102(A) defines circumstances in which judgment should be exercised in favor of *withdrawal of counsel from a case in which he may appear as a witness*. This rule provides:

"DR 5-102 *Withdrawal as Counsel When the Lawyer Becomes a Witness*.

(A) If, after undertaking employment in contemplated or pending litigation, a lawyer learns or it is obvious that he or a lawyer in his firm ought to be called as a witness on behalf of his client, he shall withdraw from the conduct of the trial and his firm, if any, shall not continue representation in the trial, except that he may continue the representation and he or a lawyer in his firm may testify in the circumstances enumerated in DR 5-101(B) (1) through (4)."

Canon 9 of the Code of Professional Responsibility provides:

"A lawyer should avoid even the appearance of professional impropriety."

In violation of Canon 5 and DR 5-102, Mr. Towell of Rogers and Wells testified at least twice "as a witness on behalf of his client" with respect to sharply contested issues of jurisdiction and venue—first through Mr. Pelton's affidavit in support of the show cause order (which Mr. Towell and Mr. Dobbins drafted) and second through his own affidavit verified April 29 and filed April 30 in opposition to Lee's Rule 12(b) motion to dismiss. On both occasions, Mr. Towell's testimony recites facts learned from Lee in communications violative of Canon 7 and DR 7-104(A) (1).

This unethical conduct is not excused by any of the "exceptions" set forth in (B) (1) through (4) of DR 5-101.¹⁰ Cf., *Meyerhofer et al v. Bernson, Hoeniger, Freitag and Abbey*, — F.2d — (2 Cir., June 10, 1974).

Subparagraphs B(1) (2) and (3) are facially inapposite, and no "substantial hardship" within the meaning of subparagraph (4) can be demonstrated—indeed, no such "hardship" is even asserted. The improprieties occurred in the very early stages of the litigation. The issue of disqualification was *immediately* raised by Lee.

At *that* time, neither Mr. Dobbins, Mr. Towell nor Rogers & Wells had any background of experience in this case. Many other qualified counsel were then and are now available to Johnson/Ceramco. Compare *Emle Industries, Inc. v. Patentex, Inc.*, 478 F.2d 562, 574-575 (2 Cir. 1973).

The court's task in cases of this kind has been recently described in *Emle Industries, supra*, and reiterated in

¹⁰ DR 5-101(B) states:

- "(B) A lawyer shall not accept employment in contemplated or pending litigation if he knows or it is obvious that he or a lawyer in his firm ought to be called as a witness, except that he may undertake the employment and he or a lawyer in his firm may testify:
- (1) If the testimony will relate *solely* to an uncontested matter.
 - (2) If the testimony will relate *solely* to a matter of *formality* and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.
 - (3) If the testimony will relate *solely* to the nature and value of legal services rendered in the case by the lawyer or his firm to the client.
 - (4) As to any matter, if refusal would work a substantial hardship on the client because of the distinctive value of the lawyer or his firm as counsel in the particular case."

General Motors Corporation v. City of New York, — F.2d — (2 Cir. June 28, 1974; Docket Nos. 73-2351 and 73-2585):

"We approach our task as a reviewing court in this case conscious of our responsibility to preserve a balance, delicate though it may be, between an individual's right to his own freely chosen counsel and the need to maintain the highest ethical standards of professional responsibility. This balance is essential if the public's trust in the integrity of the Bar is to be preserved." *Emle*, 478 F.2d at 564-565.

In *General Motors*, *supra*, the court underlined the importance of preserving the "public's trust":

"Indeed, the 'public trust' is the *raison d'être* for Canon 9's 'appearance-of-evil' doctrine. Now explicitly incorporated in the profession's ethical Code,¹⁹ this doctrine is directed at maintaining, in the public mind, a high regard for the legal profession. The standard it sets—i.e. what creates an appearance of evil—is largely a question of current ethical-legal mores. See Kaufman, *The Former Government Attorney and the Canons of Professional Ethics*, 70 Harv. L. Rev. 657, 660 (1957).

"Nor can we overlook that the Code of Professional Responsibility is not designed for Holmes' proverbial "bad man" who wants to know just how many corners he may cut, how close to the line he may play, without running into trouble with the law. Holmes, *The Path of the Law*, in *Collected Legal Papers* 170 (1920). Rather, it is drawn for

¹⁹ Although Canon 36 of the old Canons of Professional Ethics was uniformly interpreted to espouse the "appearance-of-evil" doctrine, see e.g. *United States v. Standard Oil Co. (N.J.)*, 136 F.Supp. 345, 359 (D.C.N.Y. 1955); H. Drinker, *Legal Ethics* 130, it was not until the adoption of Canon 9 of the Code of Professional Responsibility that the canons of ethics expressly enunciated that doctrine.

the 'good man,' as a beacon to assist him in navigating an ethical course through the sometimes murky waters of professional conduct. Accordingly, without in the least even intimating that Reycraft himself was improperly influenced while in Government service, or that he is guilty of any actual impropriety in agreeing to represent the City here, he must act with scrupulous care to avoid any *appearance* of impropriety lest it taint both the public and private segments of the legal profession." (Emphasis in original)

The overweening importance of these considerations is reflected by the apparent low esteem in which the bar is now held by the public,¹¹ and the disinclination of the bar to discipline itself—a subject of recent and repeated adverse comment.

As Dean Manning has aptly observed:

"In 1970 the American Bar Association Special Committee on Evaluation of Disciplinary Enforcement, chaired by the indefatigable Justice Tom Clark, reported: 'After three years of studying lawyer discipline throughout the country, this Committee must report the existence of a scandalous situation that requires the immediate attention of the profession. . . . Unless the profession as a whole

¹¹ Bayless Manning, dean of the Stanford Law School has recently written in the *Journal of the American Bar Association*, Vol. 60, p. 821 (1974):

"Most nonlawyers find the Anglo-American adversary legal process inexplicable, or at least unexplained. We lawyers are accustomed to it and know its strengths and deficiencies, the risks and weaknesses of alternative systems, and on balance we opt for the adversary system. But the average American tends to see the adversary system as one that seeks to find truth by a process of competitive lying. So stated, that is not likely to appeal to most reasonable men as the best way to determine the truth. And in this view of the matter, the lawyers whose profession it is to participate in this process are seen as unprincipled liars for hire."

is itself prepared to initiate radical reforms promptly, fundamental changes in the disciplinary structure, imposed by those outside the profession, can be expected.'

The effect of this powerful report upon the bar generally has been that of a feather dropped in a well." Manning, *op. cit.*, *supra*, n. 11 (Emphasis added).

Mr. Justice Clark, in obvious agreement with Dean Manning, is quoted as stating:

"Some years ago, I was asked to head an inquiry into the effectiveness of efforts by lawyers to discipline themselves. After a thorough investigation, our committee reported that the situation was 'a national scandal.' It still is. With few exceptions, the prevailing attitude of lawyers toward disciplinary procedures still ranges from apathy to outright hostility." Robinson, "How Well Do Lawyers Serve the Cause of Justice?", *Parade*, August 11, 1974, p. 8.

On August 8, 1974, the Chief Justice, in a letter to the President of the American Bar Association stated:

"There is yet another unfinished task of the profession, by which I mean to include specifically judges and law teachers. This task was manifested in the 1970 Report of the ABA Special Committee on the Evaluation of Disciplinary Enforcement. The Committee was chaired by Mr. Justice Tom C. Clark, and its report presented a melancholy picture of the failure of our profession to enforce elementary standards of ethics in the relations between lawyers and their clients and between lawyers and the courts. That important report must not be allowed to gather dust in the archives. It should be made a priority measure on the agenda of the Association. The legal profession is a generation behind the need to place its own house in order." (p. 3)

See also Clement, "Are We Still a Profession—Legal Ethics at the Crossroads," *Illinois Bar Journal*, May 1974, p. 488.

In like vein, the Court in *Emle, supra*, the Court underlined that *its* "duty" in ethics cases

"... is owed not only to the parties . . . but to the public as well. These interests require this court to exercise its leadership to insure that nothing, not even the appearance of impropriety, is permitted to tarnish our judicial process. The stature of the profession and the courts, and the esteem in which they are held, are dependent upon the complete absence of even a semblance of improper conduct." 478 F.2d at 575.

We turn now to the discharge of the courts "duty" "to the public" by the correct application of the controlling standards to the ethical violations so clearly established by the undisputed facts in this case.

With respect to the standard now contained in DR 7-104(A), ABA Opinion 108 (1934) construing former Canon 9¹² stated:

"The first sentence . . . is *clear and convincing*. The reasons for such a prohibition are equally clear. They arise out of the nature of the relation of attorney and client and are equally imperative in the right and interest of the adverse party and of his attorney. *To preserve the proper functioning of the legal profession as well as to shield the adverse party from improper approaches the Canon is*

¹² Former Canon 9 provides:

"A lawyer should *not in any way* communicate upon the subject of controversy with a party represented by counsel; much less should he undertake to negotiate or compromise the matter with him, but should deal only with his counsel. It is incumbent upon the lawyer most particularly to avoid everything that may tend to mislead a party not represented by counsel, and he should not undertake to advise him as to the law." (Emphasis added.)

wise and beneficent and should be obeyed." (Emphasis added.)

ABA Informal Decision No. 517 (2/15/62), applying former Canon 9 emphasizes that:

"This Canon has been strictly construed throughout its history. There are only two exceptions to its strict application: (1) if the attorney for the other party consents to contact, then contact will be proper; and (2) if information vital to the settlement of the case is not communicated by the other attorney to his client, there may be procedures open to permit communication between the original attorney and the client for the opposite attorney." (Emphasis added.)

Rogers and Wells' conduct in this case falls within neither of these exceptions.

ABA Opinion 187 (1938) quoted in footnote 75 associated with DR 7-104(A) (1), teaches that:

"It is clear from the earlier opinions of this committee that Canon 9 is to be construed literally and does not allow a communication with an opposing party, without the consent of his counsel, though the purpose merely be to investigate the facts. Opinions 117, 95, 66." (Emphasis added.)

Applying this same ABA Opinion 187, the Fourth Circuit held:

"It is an unseemly insensitiveness to the ethics of his calling for an attorney to interview an opposing party upon the case without the presence or permission of his counsel, if he knows him to be so represented. This is true although the party will be a witness and although a witness, generally, may be questioned without the leave of the other side. See Canons 9 and 39 of American Bar Association, and Opinion 187 of the Committee on Professional Eth-

ics and Grievances (July 24, 1938), American Bar Association Opinions etc., 1957 ed. p. 371."¹³

Lumberman's Mutual Casualty Co. v. Chapman, 269 F.2d 478, 481 (1959). In *United States v. Seth*, 474 F.2d 110, 111 (1973) the Tenth Circuit said:

"Appellant contends that by allowing the prosecuting attorney to use appellant's statement, which was obtained without informing his attorney of the impending interview and thus giving the attorney a reasonable opportunity to be present at the interview, is to condone conduct by the prosecution which can be considered to be unethical. The canons of ethics governing the actions of attorneys in all United States Courts in this circuit prohibit an attorney from communicating about the controversy with a party on the other side of the case who is represented by an attorney. This canon of ethics has been

¹³ It is noteworthy that ABA Opinion 117 (cited in Opinion 187) finds no "impropriety" in "questioning the clerks in the [defendant] store

"... *provided* no deception is practiced in obtaining their statements *and* they are informed that the person interviewing them is the attorney for the claimant or represents him." (Emphasis added).

Mr. Towell "practiced" "deception". He failed to inform the Lee personnel with whom he communicated of his identity and purpose.

Somewhat similarly, Opinion 66, also cited in Opinion 187, does not disapprove contact with an adverse party *only* to identify a witness and *only after* opposing counsel "after promising to ascertain the name of the officer fails or neglects to furnish the information".

Opinion 66 further holds that

"Where the local practice enables the attorney to ascertain by legal proceedings the name of the officer to be summoned, it would be preferable to use that method."

See also ABA formal opinions 95 (1933) and 124 (1934) and informal opinions C-426 (1961), 523 (1962), 570 (1962) and 663 (1962).

held to mean that it is improper to so communicate even if the party agrees to be interviewed without his attorney being present. The canon is applicable to criminal as well as civil cases. See 42 Neb. L. Rev. 483."

Parallel provisions have been vigorously enforced with the imposition of sanctions by the state courts. See *Abeles v. State Bar of California*, 510 P.2d 719 (Col. S.Ct. 1973); *In re Schwabe*, 408 P.2d 922 (S.Ct. Ore. 1965); *In the Matter of Edward Kent*, 187 Atl. 2d. 718 (S.Ct. N.J. 1963); *Turner v. State Bar*, 222 P.2d 857 (S.Ct. 1950) and *Obser v. Adelson*, 96 N.Y.S. 2d 817 (1949).

Canon 5, through its associated Disciplinary Rule DR 5-102, is equally firm that "If after undertaking employment in contemplated or pending litigation, a lawyer learns . . . that he . . . ought to be called as a witness . . . he **shall withdraw** . . . and his firm . . . **shall not** continue."

Counsel's testimony by affidavit *immunized from cross-examination* is particularly offensive and is consistently condemned. As the Fifth Circuit aptly put it in *Inglett & Co. v. Everglades Fertilizer Co.*, 255 F.2d 342, 349-50 (1958):

"... But without impugning any improper professional motive to this obviously able counsel, we doubt that the disposition of patent cases is furthered by counsel being the personal vehicle by which the 'undisputed' facts are put before the Court. We consider it a tribute to the high calling of advocacy to say that we think it an unnatural, if not virtually impossible, task for counsel, in his own case, to drop his garments of advocacy and take on the somber garb of an objective fact-stater.

* * * *

"And if it takes an oath to establish or affirm that which is a fact so that it can be further established as an 'uncontradicted' fact, we doubt that it is conducive to the orderly administration of justice for counsel to become the voice on summary judgment. The reason behind the accepted canon on counsel testifying is or may be present, at least tentatively since the Court is put in the position of passing upon the credibility of the contending votaries. Experience proves that the adversary system functions best when the role of Judge, of counsel, of witness is sharply separated.

In criticizing a testimonial affidavit of counsel in *Welcher v. United States*, 14 F.R.D. 236, 238 (E.D. Ark. W.D. 1953), the court was at pains to state:

"... Moreover, the writer of this memorandum is not disposed to encourage counsel in actions pending before the court to offer themselves as witnesses touching matters essential to the issues pending in cases. That practice too easily proceeds towards the perversion of the attorney's office and ought steadfastly to be frowned upon."

In *Turk v. McKinney*, 58 S.E. 2d 388 (Sup. Ct. App. W. Va. 1949) it is stated "this Court does not approve of attorneys testifying in a case in which he represents one of the litigants, by affidavit or otherwise, where the same evidence is available through other witnesses. See *Slate v. Simmons*, 130 W. Va., 33, 42 S.E. 2d 827". But see *Wolk v. Wolk*, 333 NYS 2d 942 (1972).¹⁴

¹⁴ The need for a "strict prophylactic rule" to prevent any possibility of the violation of the ethical prohibition against attorney testimony, cf. *Emle, supra*, 478 F.2d at 571, is sharply illuminated in this case by the continuing parade of testimonial affidavits of Ceramco/Johnson counsel, Mr. Dobbins. These affidavits through which Mr. Dobbins purports to testify on various motions at issue before the District Court, while safely immune from cross-examination, are in many respects inaccurate or plain wrong and are calculated not only to impugn opposing counsel, but to induce an

[Footnote continued on page 26]

Confessing—as a practical matter—violations of these Canons and Disciplinary Rules,¹⁵ Johnson/Ceramco and their counsel ask that their conduct be condoned by this court—presumably on the grounds advanced below and summarized *supra*, p. 11.

None of these excuses is sufficient—or even relevant.¹⁶ The very fact that such excuses are advanced confesses

incorrect result not justified by the record. See the excerpts from various of these affidavits, *infra*, p. 5a to 12a.

This problem is seriously aggravated by the fact that Mr. Dobbins has been successful in the court below in procuring protective orders quashing deposition notices and subpoenas served by Lee upon the various counsel from the Rogers and Wells firm, including Mr. Towell, who have been active in this matter. Remarkably the court, at Mr. Dobbins' request, has refused to permit Lee to depose even Mr. Towell on the grounds that when a lawyer becomes personally involved in a case he should withdraw.

The following excerpt from the transcript of the July 1, 1974 hearing is informative:

"MR. DOBBINS: She's also noticed Toul's [sic Towell's] deposition, who preceded him, and he's quit the firm and he is now working in some other place. And we would like to have—

"THE COURT: Those are out.

"MISS SEARS: Your Honor, Mr. Toul [sic. Towell] is relevant to my affirmative defense and I need him.

"THE COURT: What are you going to learn from a lawyer trying a case? Nothing.

"MR. DOBBINS: All he knows is work product, what he acquired as trial counsel.

"THE COURT: It's frowned upon by this Court. I frown upon a lawyer becoming personally involved in a case, because the position of a lawyer is that of a strict advocate and nothing more, and by the time a lawyer becomes personally involved in a case he should remove himself from that case." (Tr. pp. 21-22)

¹⁵ While, at various places in the record, Johnson/Ceramco seem to assert the absence of an ethical violation in a conclusory fashion, the facts showing the contrary are several times admitted. The Johnson/Ceramco position is thus reduced to inapposite exculpatory argument.

¹⁶ "[C]onstrued literally" (ABA Opinion 187, 1938) and "strictly" ABA Informal Decision No. 517, 1962) DR 7-104, is mandatory

[Footnote continued on page 27]

not only guilt but a shocking disregard for both the letter and the spirit of the Canons and Disciplinary Rules.

As the Court admonished in *General Motors, supra*, "the Code of Professional Responsibility is not designed for Holmes' proverbial 'bad man' who wants to know just how many corners he can cut, how close to the line he can play, without running into trouble with the law" (Slip op., p. 4543). It is for *this* reason that:

"The Disciplinary Rules . . . are *mandatory* in character. The Disciplinary Rules state the minimum level of conduct below which no lawyer can fall without being subject to disciplinary action."¹⁷

In *Emle, supra*, this Court accordingly refused to "carve out" a special exception to the strictures of the canons urged on far more persuasive grounds than any advanced here—and in so doing reaffirmed the truism that "Without firm judicial support, the Canons of Ethics would be only reverberating generalities. *Empire Linotype School v. United States*, 143 F.Supp. 627, 633 (S.D.N.Y. 1956)." 478 F.2d at 575.

There remains for consideration only the sanctions to be applied. DR 5-102(A) is an exception to the general

that a "lawyer shall not . . . communicate or cause another to communicate" with an adverse party. There are no exceptions for "technical" breaches or for communications to elicit facts to "establish jurisdiction" or because the wrongfully elicited facts allegedly are not "confidential" or are allegedly correct. And the very fact that the same information could have been obtained by more "time consuming devices", *e.g.*, "deposition or interrogatory", condemns disdain of the discovery rules and resort to unethical alternative procedures which the rules do not countenance. This tribunal has repeatedly recognized in recent months that it is the duty of the judiciary to act in cases of this kind. See, *e.g.*, *Emle, supra*, *Meyerhoffer, supra*, *General Motors, supra*, and *Silver Chrysler Plymouth v. Chrysler Motors Corp.*, 496 F.2d 800 (2 Cir. 1974).

¹⁷ "Preliminary Statement" to the "Code of Professional Responsibility".

rule that the Code of Professional Responsibility "makes no attempt to prescribe either disciplinary procedures or penalties". Its mandatory provision is that counsel "shall withdraw from the conduct of the trial and his firm, if any, shall not continue representation in the trial" upon learning or upon it becoming obvious that he may be called as a witness. This mandatory Disciplinary Rule requires, at a minimum, disqualification of Rogers and Wells because an attorney from that firm, Mr. Towell, has twice testified in violation of its provisions.

It is equally clear that neither a party nor its counsel should benefit from information unethically elicited from an opposing party in derogation of DR 7-104(A). In this case, Ceramco obtained an unfair advantage by resorting to unethical procedures in lieu of the discovery process provided by the Federal Rules of Civil Procedure. A minimum sanction would be suppression of the wrongfully procured information coupled with the relegation to Ceramco of the position in which it would have been if this unethical conduct had not occurred. *Cf. Observer v. Adelson*, 96 N.Y.S. 2d 817 (1949).

CONCLUSION

The relief sought is disqualification of the firm of Rogers and Wells, including David F. Dobbins from further participation in this litigation together with an order precluding Ceramco from relying for any purpose upon the verified complaint in this action, the affidavit of H. Gordon Pelton entitled "Affidavit in Support of Order to Show Cause", the April 29, 1974 affidavit of Thomas W. Towell, Jr. and the testimony elicited by Ceramco at the May 9, 1974 hearing. In addition an order is sought which would require the district court to wholly disregard or strike the aforesaid verified com-

plaint, the Pelton affidavit, the Towell affidavit and the testimony.

Respectfully submitted,

MARTIN J. SPELLMAN, JR.
34 South Broadway
White Plains, New York 10601
Attorney for Appellant

APPENDIX

APPENDIX

JOHNSON & JOHNSON

Office of
General Counsel

New Brunswick, N. J.

March 11, 1974

Mr. Leland Teets
The Wilkinson Company
31011 Agoura Road
Westlake Village, California 91360

Re: 61A GOLD GENIE, CERAMIC METAL GENIE,
METAL FIBER GENIE
Use of GENIE by Lee Pharmaceuticals

Dear Mr. Teets:

I refer you to our most pleasant dinner conversation of a few weeks ago when I was in Los Angeles in regard to the above matter.

Unfortunately, it now appears that we will be forced to litigate this infringement matter with Lee Pharmaceuticals, and in this connection I am now called upon to ask for your further assistance. In our discussions you mentioned that Wilkinson still retains invoices reflecting its original and subsequent interstate use of the GOLD GENIE and other GENIE marks under your arrangement with Harold Culver. I would very much appreciate it if you would supply me with copies of the first such invoices as well as representative (every three or four months) invoices of your continued use of the marks up to the time they were acquired by Ceramco, Inc. in April of last year.

Additionally, I would like from you, and hopefully substantiated by your records, the total amount by units

and dollars of the sales of the GENIE trademarked products from the date you entered into your arrangement with Harold Culver about the "metal putty" products down to the time everything was turned over to Ceramco. If this could be broken down by trademark and by year it would be most appreciated. Also, I would like information with respect to whatever advertising expenditures you incurred in connection with the promotion and marketing of these products, again, if possible, by mark, product, and year.

I know from our discussion that a thorough search was made prior to our meeting with respect to specimen advertising, promotional, and other such materials as well as labels and that what you gave me that night was the result of such a thorough search. However, I would ask that you once again review your files and seek to determine if there are any remaining such items which were not turned over to me, and if so, please send them on as soon as it is convenient to do so.

It is not unlikely that we will be in further communication with you as this matter progresses with Lee, but it is hoped that we will be able to keep your involvement at a minimum. This will be particularly true if the materials I have asked for above can be forthcoming. My best regards.

Very truly yours,

/s/ Michael J. Ryan, Jr.
MICHAEL J. RYAN, JR.

dll

March 19, 1974

Johnson & Johnson
501 George Street
New Brunswick, New Jersey 08903
Attention of Mr. Michael J. Ryan, Jr.

Dear Mr. Ryan:

In reply to your letter of March 16th, 1974 I am enclosing copies of invoices for Gold Genie and Ceramic Metal Genie as requested.

The following shows the sales per quarter of each of the Genie items.

	<u>GOLD GENIE</u>	<u>C.M. GENIE</u>
1968	\$3,123.75	
1969 1st quarter	\$2,073.50	
2nd quarter	\$2,107.50	
3rd quarter	\$ 930.45	
4th quarter	\$1,056.20	
1970 1st quarter	\$ 976.50	
2nd quarter	\$1,684.00	
3rd quarter	\$2,964.75	
4th quarter	\$2,316.00	\$ 800.00
1971 1st quarter	\$1,793.20	\$ 1,002.70
2nd quarter	\$2,738.00	\$ 1,719.00
3rd quarter	\$2,336.40	\$ 1,717.50
4th quarter	\$2,240.03	\$ 1,298.50
1972 1st quarter	\$3,668.00	\$ 1,606.75
2nd quarter	\$3,018.70	\$ 1,040.00
3rd quarter	\$2,513.00	\$ 4,981.00
4th quarter	\$2,350.00	\$ 1,809.00
1973 1st quarter	\$3,924.50	\$10,854.88
2nd quarter	\$1,740.50	\$ 7,204.20
	<hr/>	<hr/>
	\$43,254.98	\$34,033.53

Advertising expenditures totals approximately \$8,000.00 over the entire time. I cannot break down the exact cost

4a

at this time. This will be broken down at 60% Gold Genie and 40% Ceramic Metal Genie.

I trust that this information will be sufficient for you to proceed with your program.

Sincerely,

J LELAND TEETS
President

THE WILKINSON COMPANY

JLT/ks

encl:

EXCERPTS FROM AFFIDAVITS
OF
DAVID F. DOBBINS
COUNSEL FOR JOHNSON/CERAMCO¹

Affidavit of June 24, 1974

"DAVID F. DOBBINS, being duly sworn, deposes and says:

1. I am a member of the firm of Rogers & Wells, attorneys for plaintiff herein, and am fully familiar with the facts of this matter and prior pleadings had herein. I submit this affidavit in support of the motion by plaintiff for a protective order pursuant to Rule 26 (c) of the Federal Rules of Civil Procedure ('F.R.C.P.')
..."

* * * *

"6. Additional evidence of Lee's transcendental bad faith in noticing these depositions lies in their selection of persons sought to be deposed; one, Thomas W. Towell, Jr., a former associate of Rogers & Wells, who was originally assigned to preparation for trial of this action, is no longer associated with the firm. He was replaced as the associate in charge of the preparation of this action by James W. Paul, whose deposition Lee also noticed. Obviously, any facts that these two men have derive solely from the work in connection with this case, and thus are composed entirely of work product or matters protected by the attorney-client privilege. Lee also noticed the depositions of Michael J. Ryan, Esq., and Harold L. Warner, Esq., house counsel for Johnson & Johnson, the parent corporation of Ceramco, plaintiff herein. Again, their knowledge of the facts relating to

¹ All emphasis is added.

this case derives exclusively from their capacity as attorneys and therefore is privileged."

* * * *

Affidavit of July 9, 1974

"DAVID F. DOBBINS, being duly sworn, deposes and says:

I am a member of the firm of Rogers & Wells, attorneys for plaintiff, and submit this affidavit in opposition to defendant's notice of motion to reconsider this Court's ruling vacating the notices to take the depositions of two lawyers, Michael J. Ryan, Esq. and Thomas W. Towell, Jr., Esq., and in support of plaintiff's cross motion for an order vacating the notice to take the deposition of another lawyer, Harold L. Warner, Esq., as well as for an order vacating the notice to take the deposition of Johnson & Johnson."

* * * *

". . . Mr. Towell, then an associate of this firm, actually generated most of the facts that appear in Mr. Pelton's affidavit in support of the motion for preliminary injunction and the complaint, and drafted these papers."

* * * *

". . . I, too, had a hand in drafting the complaint and Mr. Pelton's affidavit in support of the preliminary injunction, and a check of my diary entries reveals that to be the case."

* * * *

"Unlike Miss Sears, I did not order a daily copy of Mr. Pelton's deposition and she has not seen fit to follow the local practice of providing opposing counsel with a copy of the deposition. Therefore, I will not and, in fact, cannot provide the (sic) the Court with my own carefully culled bits and snatches of Mr. Pelton's pre-trial

testimony. Nevertheless, having been present at the deposition, I can and do state that Mr. Pelton testified that he was in thorough and complete agreement with the decision to bring this action and that he considered the protection of the goodwill inherent in the trademark GENIE to be an important and integral part of Ceramco's business in distributing dental supplies."

* * * *

"Turning to Lee's attempt to depose Harold R. Warner, Esq., he was one of the four attorneys whose deposition Lee noticed on June 12. At the time of the argument on July 1 with respect to these notices, I did not bring the proposed deposition of Mr. Warner to the Court's attention because Mr. Warner was on vacation and I was unsure in what capacity he acted for the plaintiff Ceramco in respect to the facts of this case and, accordingly, could make no representation as to his activities. Therefore, the Court made no specific ruling with respect to Mr. Warner's deposition.

Based upon Mr. Pelton's pretrial testimony thus far given, *as well as a conference with Mr. Warner*, I can now state that Mr. Warner acted solely in his capacity as an attorney with respect to the facts of this case. Mr. Warner, like Mr. Ryan, is house counsel for Johnson & Johnson, and primarily does patent and trademark work for that firm and its subsidiaries.

With respect to Mr. Warner's activity regarding the facts of this case, Mr. Pelton testified as follows: he stated that in 1972, he [Pelton], Mr. Culver, the developer of the restorative metal putty product, sold under the trademark of 'GENIE', and Mr. Leland Teets of the Wilkinson Company, the distributor of 'GENIE' had a meeting at which time they agreed in principle upon the basic terms whereby Ceramco would take over the marketing of this product under the same trademark. There-

upon, Mr. Warner was called in and he participated in the actual drafting of the April 19, 1973 tri-party Agreement entered into between Ceramco, Culver and Wilkinson. This Agreement states that it represents the full and complete agreement between the parties and that it cannot be modified except in writing specifically in terms purporting to modify that agreement.

The Agreement, accordingly, speaks for itself and Mr. Warner can add nothing meaningful with respect thereto. While the Agreement is fairly complicated with respect to the mechanics of distributing the product, it is crystal clear with respect to the transfer to Ceramco of the rights of the trade name 'GENIE'. Mr. Warner's conversations with Mr. Pelton or other Ceramco executives in the course of preparing this legal document are, of course, privileged, and his conversations with the attorneys for the principals of the other two parties, Culver and Wilkinson, have become merged in the Agreement itself and accordingly have no relevance to this proceeding. Thus, taking Mr. Warner's deposition will be of utterly no benefit and a complete waste of time."

* * * *

Affidavit of July 15, 1974

"DAVID F. DOBBINS, being duly sworn, deposes and says:

I am a member of the firm of Rogers & Wells, attorneys for plaintiff herein, and I submit this affidavit in opposition to defendant's motion to amend its counterclaim and, in the alternative, in support of plaintiff's cross-motion to dismiss portions of the amended counterclaim for failure to state a claim."

* * * *

"The last six charges are contained in paragraph '40 (a) (viii)' [of Lee's Amendment to its Answer and Counterclaim] in a more or less run-on and stream of consciousness. We will discuss them in detail, but most of them are absurd on their face. For instance, neither Johnson & Johnson nor Ceramco market, have plans to market, or have ever marketed an orthodontic bracket adhesive, although research is presently being conducted by Johnson & Johnson in those areas. Likewise, Johnson & Johnson has never stated anywhere that it makes 70% of the sales of synthetic resin based filling material."

* * * *

"The discovery which Lee's counsel has been afforded in the past month, however, is truly staggering and has been conducted largely for purposes of harassment. Indeed, on the one deposition Ceramco took in this action, the principal of Lee Pharmaceuticals, Henry Lee, confessed to and even boasted of an abiding hatred of Johnson & Johnson. This hatred may well explain his insistence on using the mark involved in this litigation. GENIE corrective composition had been distributed for five years through dental dealers, precisely the same method of distribution that Lee used, and Lee did not begin commercial distribution of his GENIE orthodontic *appliance* until a month after Ceramco began distributing GENIE."*

* * * *

... [Lee's Counterclaim] "alleges the factually impossible claim that Johnson & Johnson and Ceramco have conspired to monopolize the manufacture and sale of permanent and semi-permanent restorative materials through the exploitation of monopoly power in synthetic resin based dental filling materials."

* This testimony by Mr. Dobbins regarding Henry Lee and the date of Lee's commercial distribution of its "Genie" orthodontic bracket adhesive are inconsistent with the record as of July 15, 1974 when the affidavit was verified.

Synthetic based resin material is but a minor facet in the entire dental restorative field and one in which Johnson & Johnson does not possess any monopoly power.

* * * *

. . . "Orthodontics, contrary to Lee's position taken in this litigation, is not some specialized field, separate and distinct from the practice of dentistry, but on the contrary is an integral part of the practice of the same dentists to use Ceramco's GENIE products. Lee, however, did not begin selling its GENIE product until late 1973—long after Ceramco's GENIE composition product had been on the market." . . .

Affidavit of July 30, 1974

"DAVID F. DOBBINS, being duly sworn, deposes and says:

I am a member of the firm of Rogers & Wells, attorneys for plaintiff, Ceramco, Inc. ('Ceramco'). I submit this affidavit in opposition to the motion of defendant Lee Pharmaceuticals ('Lee') to have this Court reconsider its July 1, 1974 order forbidding the defendant from taking the depositions of various attorneys in this action.

Defendant's two interminable memoranda in support of its motion to reconsider are not only replete with inaccuracies, misrepresentations and false assumptions," . . .

* * * *

"The record as to Mr. Warner is that he has acted solely as attorney with respect to the matters involved here. My affidavit of July 9 sets forth the relevant facts necessary to a determination that Mr. Warner should not be deposed by defendant. While Mr. Warner is an officer of Ceramco (an assistant secretary), he is also an attorney for Ceramco working in the Johnson & Johnson legal department.

While I was at one time unsure of Mr. Warner's precise relationship to Ceramco, *upon hearing from him* that he did at no time act on behalf of Ceramco other than in his capacity as attorney, with respect to the issues raised in its dispute with the defendant Lee, I promptly made this fact known to Lee's counsel. Pursuant to the Court's order of July 1, Mr. Warner's deposition (sic.) was, therefore, not only improper but could yield nothing. It should be abundantly obvious, even to defendant's attorneys, that the production of Mr. Warner for deposition could develop no additional information necessary or helpful to the conclusion of this action."

* * * *

Affidavit of July 31, 1974

"DAVID F. DOBBINS, being duly sworn, deposes and says:

I am a member of the firm of Rogers & Wells, attorneys for plaintiff Ceramco, Inc. ('Ceramco'). I submit this affidavit in opposition to the motion of defendant Lee Pharmaceuticals ("Lee") to add Johnson & Johnson, Inc. as a party plaintiff to this action or, in the alternative, to dismiss the complaint.'

* * * *

"Lee's counsel puts great emphasis on two bits of information acquired by it in the course of the defense of this action which, it claims shows Johnson & Johnson's status as an indispensable party to Ceramco's main claim. Thus, I suppose, it might be inferred Lee considers these two bits of information to establish the possibility of multiple inconsistent obligations which Lee claims would arise if Johnson & Johnson were not added. These 'startling' and 'damaging' facts are:

1. that Johnson & Johnson has registered the name 'Genie' in Canada for use on dental products in general, including dental adhesives; and

2. that Johnson & Johnson is presently testing a direct bonding orthodontic bracket adhesive similar to Lee's 'Genie'.

It should be made clear in the first instance that Canadian registration bears no relevance to the joining of indispensable parties hereto, inasmuch as this court has no authority or jurisdiction over matters of Canadian trademark law and registration. Significantly, defendant makes no mention of products distributed in Canada by Johnson & Johnson which bear the name 'Genie', let alone orthodontic bracket adhesives. In fact, there are none. The registration was simply a method of reserving for itself a particular name, without application to a particular product sold in Canada.

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